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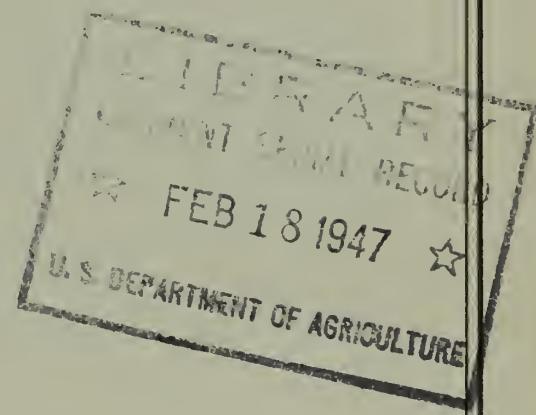
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FARM CREDIT ADMINISTRATION
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

HANDBOOK ON
MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES
1944 AND 1945

By
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The information in this publication has been assembled through the cooperation of the farmers' cooperative associations concerned. It is published for their information in appraising their own operating efficiency and for the use of those interested in the cooperatives as a part of the general economy.

The Cooperative Research and Service Division conducts research studies and service activities relating to problems of management, organization, policies, merchandising, sales, costs, competition, and membership arising in connection with the cooperative marketing of agricultural products and the cooperative purchase of farm supplies and services; publishes the results of such studies; confers and advises with officials of farmers' cooperative associations; and cooperates with educational agencies, cooperative associations, and others in the dissemination of information relating to cooperative principles and practices.

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CONTENTS

Page

PART I

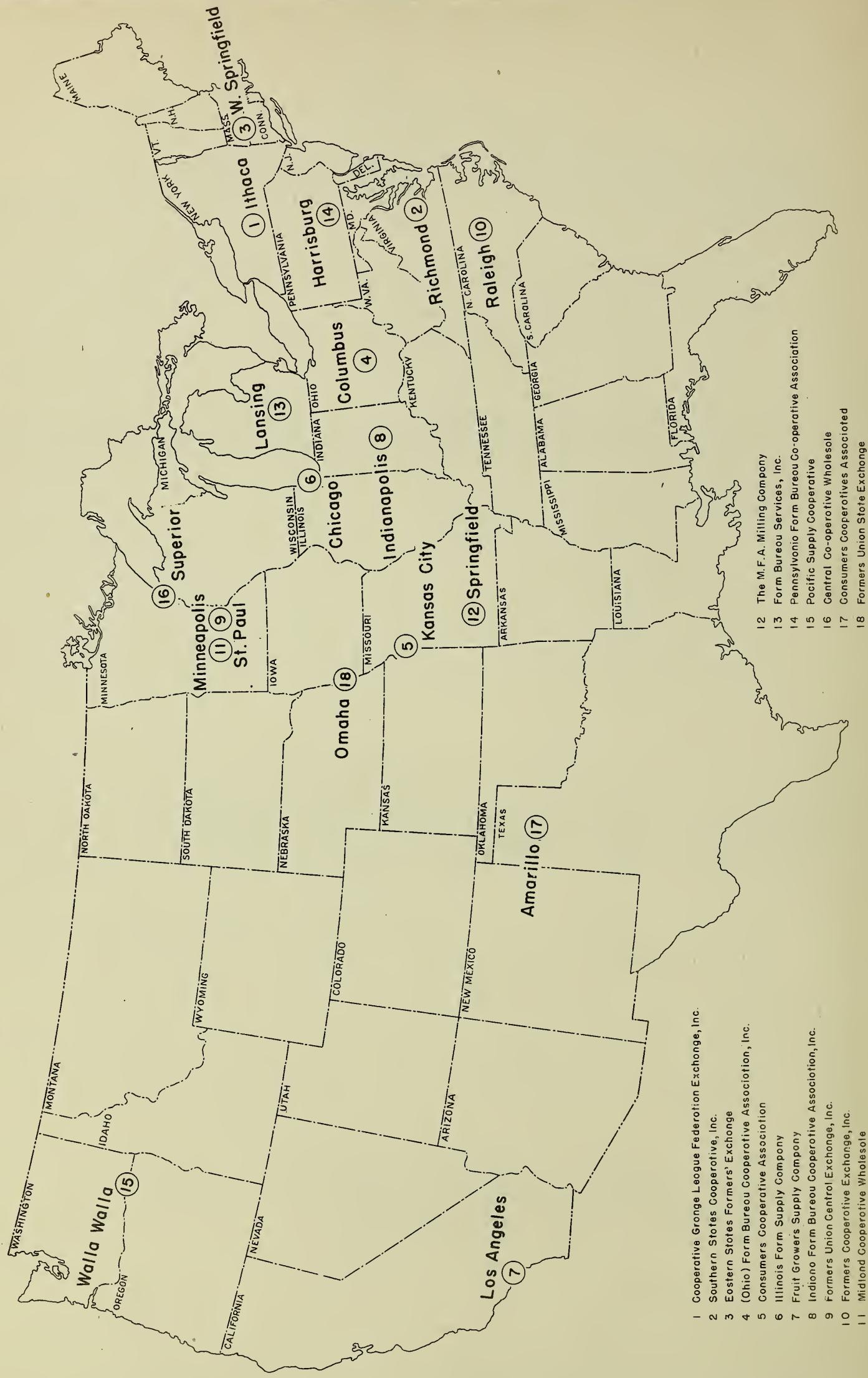
Individual reports for 18 major regional farm supply purchasing cooperatives for fiscal years ending in 1944 and 1945.....	1
Cooperative Grange League Federation Exchange, Inc.....	1
Southern States Cooperative, Inc.....	6
Eastern States Farmers' Exchange.....	8
(Ohio) Farm Bureau Cooperative Association, Inc.....	10
Consumers Cooperative Association.....	12
Illinois Farm Supply Company.....	14
Fruit Growers Supply Company.....	16
Indiana Farm Bureau Cooperative Association, Inc.....	17
Farmers Union Central Exchange, Inc.....	19
Farmers Cooperative Exchange, Inc.....	20
Midland Cooperative Wholesale.....	22
The M.F.A. Milling Company.....	24
Farm Bureau Services, Inc.....	26
Pennsylvania Farm Bureau Cooperative Association.....	28
Pacific Supply Cooperative.....	29
Central Cooperative Wholesale.....	31
Consumers Cooperatives Associated.....	33
Farmers Union State Exchange.....	34

PART II

Combined information for 18 major regional farm supply purchasing cooperatives for fiscal years ending in 1944 and in 1945.....	36
Age of organizations.....	36
Area of service.....	36
Type of retail outlet.....	37
Number of patrons served.....	37
Number and type of employees.....	37
Volume of business.....	41
Type of supplies handled.....	41
Distribution of savings.....	42
Financial condition.....	43

Appendix A. - Value of supplies distributed by three major regional marketing-purchasing cooperatives for fiscal years ending in 1944 and in 1945.....	44
--	----

LOCATION OF 18 MAJOR REGIONAL COOPERATIVE PURCHASING ASSOCIATIONS



1 Cooperative Grange Federation Exchange, Inc.
 2 Southern States Cooperative, Inc.
 3 Eastern States Farmers' Exchange
 4 (Ohio) Form Bureau Cooperative Association, Inc.
 5 Consumers Cooperative Association
 6 Illinois Form Supply Company
 7 Fruit Growers Supply Company
 8 Indiana Form Bureau Cooperative Association, Inc.
 9 Formers Union Control Exchange, Inc.
 10 Formers Cooperatives Associated
 11 Midland Cooperative Wholesale
 12 The M.F.A. Milling Company
 13 Farm Bureau Services, Inc.
 14 Pennsylvania Form Bureau Co-operative Association
 15 Pacific Supply Cooperative
 16 Central Co-operative Wholesale
 17 Consumers Cooperatives Association
 18 Formers Union Store Exchange

HANDBOOK ON MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES, 1944 AND 1945

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This handbook presents concise comparable information for each of the 18 major regional farm supply purchasing cooperatives in the United States for their fiscal years ending in 1944 and in 1945 (part I), and combines and analyses such information as a means of showing the character and significance of these associations as a group (part II).

The associations described perform wholesale service for retail cooperative outlets of various types, except for one association that distributes all supplies direct to individual purchasers. In addition to giving wholesale service, seven associations distribute supplies direct to farmers through their own retail outlets, while five also engage in the cooperative marketing of farm products. The individual reports in part I show clearly the main points of similarity and of difference.

Unfortunately, it is not possible to provide information for a considerable number of regional farm supply purchasing cooperatives which have total net sales of less than \$2-1/2 million. It is hoped that information for such associations may be included when this handbook is revised. It should also be pointed out that there are many regional cooperative marketing-purchasing associations that perform an extensive cooperative purchasing service. Appendix A presents information on the value of supplies distributed to farmers through three associations of this type which had combined supply sales of more than \$41 million in 1945.

PART I

INDIVIDUAL REPORTS FOR 18 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1944 AND IN 1945

This section presents information for each of the 18 associations, such as date of organization, area of service, types of local outlets, volume of business, distribution of savings, and financial condition.

COOPERATIVE GRANGE LEAGUE FEDERATION EXCHANGE, INC.

The Cooperative Grange League Federation Exchange, Inc., known as the "G.L.F.," was organized on June 28, 1920. It serves farmers in New York,

NOTE: Appreciation is expressed to the associations which provided the information used in the preparation of this handbook and to Mrs. Jeanne Franklin for her valuable aid, both technical and secretarial.

New Jersey, and the northern tier of counties in Pennsylvania - the territory known as the "New York Milkshed." Its administrative offices are in Ithaca, New York.

The G.L.F. has a centralized form of organization. Its board of directors is directly responsible to its farmer-members. Membership is determined by ownership of common stock or by the extent of an individual's purchases or sales through the organization. Any farmer-patron who annually purchases or sells \$100 or more of supplies or produce through the organization qualifies as a member. The G.L.F. also is an integrated organization since it performs manufacturing, processing, wholesaling, transportation, and retailing services. At the end of the fiscal year, June 30, 1945, the G.L.F. was servicing about 200,000 regular farmer-patrons, or about one farmer out of every two in its service area.

On June 30, 1945, the G.L.F. was serving its patrons through the following types of retail organizations:

<u>Types of retail outlet</u>	<u>Number</u>
G.L.F. retail service stores.....	205
G.L.F. farm repair and machine services.....	18
G.L.F. petroleum bulk plants.....	44
G.L.F. agent buyers.....	382
Independent local cooperatives.....	46
Farmer agents.....	16
Supplementary agents.....	24
Total retail outlets.....	<u>735</u>

The G.L.F. retail service stores distribute farm supplies to and market farm products for G.L.F. patrons. They have a considerable amount of local autonomy although they are centrally financed and supervised through management contracts which may be canceled at any time by the local service stores. The G.L.F. petroleum bulk plants are organized in a similar way except that they are so located that they can perform over wider areas a specialized petroleum service for patrons. The G.L.F. agent-buyers are private businesses which have been granted a franchise to handle G.L.F. farm supplies in accordance with G.L.F. instructions. The independent local cooperatives are largely locally controlled farmers' marketing associations which also perform a cooperative purchasing service. The farmer-agents are generally large individual buyers who occasionally also serve neighboring patrons.

These various types of retail outlets obtain G.L.F. supplies for resale under the same wholesale terms through the manufacturing plants and warehouses which the G.L.F. maintains at Buffalo, Albany, and other strategically located terminal centers. They also purchase from other commercial sources.

The wholesale value of supplies distributed by the G.L.F. to these retail outlets for the fiscal years ending June 30, 1944 and 1945 was as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed, flour, and cereals.....	\$77,483,318	\$69,960,252
Fertilizer and lime.....	5,271,872	6,024,765
Seed and seed potatoes ¹	3,570,469	3,708,180
Petroleum products.....	6,024,584	6,423,488
Tires, tubes, and accessories.....	502,151	515,305
Farm equipment, accessories, and tools.....	1,423,551	1,874,566
Steel products.....	572,174	559,143
Lumber, paint, roofing, cement, etc.....	1,224,265	919,043
Insecticides, sprays, soda and washing powder, shells, bedding, etc.....	1,427,758	1,396,984
Rope and twine.....	126,813	235,453
Molasses and cod-liver oil.....	156,114	191,467
Package materials ²	1,039,379	1,383,327
Miscellaneous ³	346,973	241,774
Groceries ⁴	734,536	39,107
Total wholesale sales before elimination of intercompany sales.....	\$99,903,957	\$93,472,854
Total wholesale sales after elimination of estimated intercompany sales.....	\$99,694,163	\$93,308,950

Supplies and services purchased at retail by farmers through G.L.F. managed retail outlets for the years ending June 30, 1944 and 1945 were as follows:

	<u>1944</u>	<u>1945</u>
G.L.F. retail service and farm repair services.....	\$61,843,691	\$58,599,726
G.L.F. petroleum bulk plants.....	6,759,973	6,845,254
Total ⁵	\$68,603,664	\$65,444,980

During recent years, the G.L.F. has greatly expanded its cooperative marketing services for farm product. In some cases, its marketing operations are performed through the G.L.F. service stores described above with such special facilities as may be required. In many cases, however,

¹Does not include Allied Seed Division shipments to non-G.L.F. outlets.

²Includes baskets and crates.

³Includes rubber and canvas, agency supplies, ladders, household items, etc.

⁴Decrease due largely to transfer of grocery shipments to retail outlets to Cooperative P.&C. Family Foods, Inc.

⁵Decrease due to elimination of wholesale business, bags, and marketing in 1945 not separated in 1944. This factor greatly overbalanced inclusion of services (grinding, trucking, etc.) not included in 1944. Figure for 1945 comparable to 1944 would be \$72,128,567.

separate facilities such as canning plants are maintained. The following shows the types of marketing facilities:

<u>Types of marketing facilities</u>	<u>Number</u>
Canning plants.....	3
Bean plants.....	3
Flour and cereal plants.....	4
Produce auctions.....	3
Terminal egg sales services.....	5
Country egg stations.....	18
Terminal sales agencies for beans, wheat, canned goods, and fresh produce.....	3
Cold storages.....	2
Livestock service.....	1
Transportation service.....	1
Poultry service.....	1

The value of farm products marketed by the G.L.F. for the years ending June 30, 1944 and 1945 is shown below:

<u>Commodities</u>	<u>Value of products marketed</u>	
	<u>1944</u>	<u>1945¹</u>
Eggs.....	\$8,428,063	\$7,006,294
Fruits and vegetables (including canned goods).....	2,611,547	2,903,938
Grain (including flours and cereals).....	962,153	2,040,690
Beans.....	1,084,996	1,064,409
Hay and straw.....	980,451	416,717
Miscellaneous ² and unclassified.....	113,796	558,059
Purchasing from marketing units (egg cases, seed beans, seed and plants, storage).....	<u>638,893</u>	<u>638,506</u>
Total marketing sales after elimination of estimated intercompany sales.....	<u>\$14,819,899</u>	<u>\$14,628,613</u>

Net savings of the G.L.F. for the years ending June 30, 1944 and 1945 were derived as follows:

	<u>1944</u>	<u>1945</u>
Manufacturing and wholesale.....	\$5,347,968	\$2,463,027
G.L.F. retail service stores.....	1,998,137	1,307,515
Petroleum distribution operations.....	216,507	207,661
Marketing sales ³	419,169	54,320
Less intercompany dividends.....	<u>2,320</u>	<u>2,322</u>
Total net savings.....	<u>\$7,979,461</u>	<u>\$4,030,201</u>

¹Including marketing by service stores, most of which for 1944 was included in retail purchasing volume.

²Includes poultry, livestock, meat, and seed.

³Including service stores operated by the marketing division.

These net savings were distributed in the following manner:

	<u>1944</u>	<u>1945</u>
Interest on participation certificates.....	\$100,947	\$70,307
Cash dividends on stock.....	366,405	492,642
Patronage refunds in cash.....	5,171,799	2,821,779
Patronage refunds in capital stock.....	384,714	17,716
Patronage refunds in participation certificates.	48,993	-
Additions to reserves ¹	<u>1,906,603</u>	<u>627,757</u>
Total.....	<u>\$7,979,461</u>	<u>\$4,030,201</u>

The financial condition of the Cooperative G.L.F. Exchange, Inc., and its wholesale subsidiaries as of June 30, 1944 and 1945, is shown in the following condensed consolidated balance sheet:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$18,751,363	\$18,071,568
Fixed assets (net).....	2,899,253	3,386,222
Other assets.....	<u>1,881,736</u>	<u>1,638,414</u>
Total assets.....	<u>\$23,532,352</u>	<u>\$23,096,204</u>
Liabilities and Members' Equity:		
Current liabilities.....	\$6,634,660	\$5,161,453
Other liabilities.....	1,300,000	700,000
Reserves for contingent liabilities.....	1,688,934	1,443,546
Capital stock and patrons' equity ²	<u>13,908,758</u>	<u>15,791,205</u>
Total liabilities and net worth.....	<u>\$23,532,352</u>	<u>\$23,096,204</u>

The following tabulation provides information on the number and value of facilities owned and operated by the G.L.F. on June 30, 1945:

	Number of plants or units	Cost value	Depreciated value
Feed mills.....	3	\$4,238,266	\$1,439,069
Fertilizer and insecticide plants.....	9	786,122	314,414
Seed cleaning plants.....	5	622,302	152,059
Wholesale farm supply warehouses.....	7	106,229	79,340
Petroleum bulk storage terminals.....	5	60,590	53,424
Retail farm supply stores.....	197	3,241,798	1,590,412
Farm repair services.....	15	31,914	27,036
Bulk petroleum plants.....	45	542,756	218,770
Lumber mill and package manufacturing.	2	343,107	143,275
Marketing warehouses and processing plants (includes three canning plants) ³	44	1,210,827	935,443
Office buildings.....	1	513,937	100,747
Miscellaneous.....	3	102,171	79,554
Freezer-locker plants.....	2	164,615	153,126
Total.....		<u>\$11,964,634</u>	<u>\$5,286,669</u>

	1944	1945
Additions to liability reserves.....	\$350,407	\$250,000
Additions to reserves for contingent liabilities.....	64,651	2,862
Write-offs, absorptions, adjustments, etc.....	56,199	(Cr.) 199,833

²Additions to patrons' equity reserves..... 1,435,346

³Includes reserves for price declines.

³Includes eight service stores operated by the marketing division.

On June 30, 1945, the G.L.F. had 3,496 employees. Of these 243 were engaged in general administration activities, 1,330 in manufacturing and processing operations, 1,550 in retail distribution, and 373 in farm product marketing work. These figures do not include retail employees of independent cooperatives and agent-buyers and their employees who may spend most of their time in distributing G.L.F. farm supplies.

SOUTHERN STATES COOPERATIVE, INC.

The Southern States Cooperative, Inc., of Richmond, Virginia, was organized on July 21, 1923, under the name, Virginia Seed Service, reorganized in 1933 under its present name. At the end of its operating year, June 30, 1945, it was serving approximately 180,000 patrons in Virginia, West Virginia, Kentucky, Maryland, and Delaware. More than 99 percent of its patrons were farmers, and 90 percent were members. A farmer-patron becomes a member by acquiring ownership of a share of stock through the application of patronage refund payments.

On June 30, 1945, the Southern States Cooperative was serving its patrons through the following types of retail organization:

<u>Types of retail outlet</u>	<u>Number</u>
Southern States Cooperative frozen food locker plants.....	5
Southern States Cooperative retail service stores.....	73
Southern States Cooperative petroleum service plants.....	18
Southern States Cooperative service agencies.....	618
Independent local cooperative associations.....	66
Farmer agents (fertilizer only).....	675

The Southern States Cooperative retail service stores and petroleum service plants are separately incorporated cooperative associations which are under the management supervision of the Southern States Cooperative. The Southern States Cooperative service agencies are private retail supply dealers who have contracted to handle Southern States Cooperative supplies under agreed-upon conditions. The independent local cooperatives are separately incorporated marketing and purchasing associations which use the Southern States Cooperative as a wholesale source of supply. The farmer-agents are individual farmers who pool fertilizer orders and arrange distribution for their neighbors.

In addition to performing a wholesale service for the above groups of retail outlets, the Southern States Cooperative also performs a feed manufacturing service for the Farmers Cooperative Exchange of North Carolina, the Pennsylvania Farm Bureau Cooperative Association, Inc., and the Farm Bureau Cooperative Association, Inc., of Ohio, through jointly owned manufacturing facilities. Similarly, manufacturing service for fertilizer is performed for the Farmers Cooperative Exchange of North Carolina and the Pennsylvania Farm Bureau Cooperative Association, Inc.

The value of supplies distributed at wholesale through the retail outlets enumerated above, plus the value of supplies manufactured for the account of affiliated regional cooperatives, for the fiscal years ending June 30, 1944 and 1945 was as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$25,035,261	\$24,957,607
Fertilizer.....	5,922,237	6,795,594
Seed.....	2,619,249	2,864,348
Petroleum.....	1,311,354	1,628,668
Other supplies.....	<u>6,326,526</u>	<u>4,311,391</u>
Total.....	<u>\$41,214,627</u>	<u>\$40,557,608</u>

The value of supplies distributed at retail by Southern States Cooperative managed retail outlets amounted to \$14,025,814 in 1944 and \$14,124,214 in 1945.

The value of Southern States Cooperative marketing sales (eggs) amounted to \$2,572,349 in 1944 and \$2,445,937 in 1945.

The combined value of all commodities sold through the Southern States Cooperative thus amounted to \$57,812,790 in 1944 and \$57,127,759 in 1945.

The total savings from all operations amounted to \$3,170,194 in 1944 and \$1,640,566 in 1945. These savings were distributed in the following way:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$184,272	\$306,607
Patronage refunds in cash.....	196,897	257,877
Patronage refunds paid in capital stock.....	1,849,735	675,570
Retained in reserves or unallocated.....	<u>939,290</u>	<u>400,512</u>
Total.....	<u>\$3,170,194</u>	<u>\$1,640,566</u>

The financial condition of the Southern States Cooperative as of June 30, 1944 and 1945 is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$7,131,780	\$6,590,043
Fixed assets.....	2,138,456	3,780,318
Other assets.....	<u>455,931</u>	<u>521,835</u>
Total.....	<u>\$9,726,167</u>	<u>\$10,892,196</u>
Liabilities and net worth:		
Current liabilities.....	\$1,576,429	\$1,174,179
Deferred liabilities.....	-	18,588
Fixed indebtedness.....	510,000	-
Net worth (capital and reserves).....	<u>7,639,738</u>	<u>9,699,429</u>
Total.....	<u>\$9,726,167</u>	<u>\$10,892,196</u>

Retained savings represented 43 percent of the net worth as of June 30, 1945.

The following tabulation presents information on the number and value of facilities owned and operated by the Southern States Cooperative on June 30, 1945:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Frozen food locker plants.....	5	\$212,321	\$210,647
Feed mills.....	5	1,309,023	854,628
Fertilizer plants.....	3	570,721	372,233
Seed cleaning plants and wholesale farm supply warehouses.....	6	794,996	685,398
Southern States Cooperative			
retail service stores.....	73	391,104	290,944
Bulk petroleum plants.....	18	296,417	196,375
Oil delivery trucks.....	45	119,420	59,632
Transport trucks.....	13	42,757	19,650
General delivery trucks.....	44	48,582	16,327
Total value.....		<u>\$3,785,341</u>	<u>\$2,705,834</u>

On June 30, 1945, the Southern States Cooperative had 1,547 employees. Of these 329 were engaged in general administrative activities, 753 in manufacturing and processing operations and in marketing operations, and 465 in retail distribution.

EASTERN STATES FARMERS' EXCHANGE

The Eastern States Farmers' Exchange, with headquarters at West Springfield, Massachusetts, was organized on January 28, 1918. At the end of its operating year, December 31, 1945, it was serving over 83,000 patrons located in the six New England States, in Pennsylvania (except for the northern tier of counties), in Delaware, and in part of Maryland.

Membership in the Eastern States Farmers' Exchange is determined by use. Every farmer who purchases through the Exchange becomes a member and remains a member for 2 years beginning January 1, after the date of last purchase. Only one and one-half percent of the 1945 volume of business was with nonfarmers.

The Eastern States Farmers' Exchange serves its patrons through 455 farmer-representatives, through 26 independent cooperative associations which also serve as representatives, and through 64 regional branch warehouses which are strategically located to supplement local car-door distribution.

The Exchange is an integrated organization of farmers which performs buying, manufacturing, and farm supply distributing functions. Purchases by patrons for 1944 and 1945 were as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed and grain.....	\$47,724,367	\$47,812,255
Field seeds.....	1,162,014	1,231,545
Seed potatoes.....	984,454	934,852
Vegetable seeds.....	168,633	164,732
Fertilizer and lime.....	2,505,308	2,599,173
Spray materials.....	307,135	283,531
Miscellaneous (roofing, oil, paint, etc.).....	499,401	669,758
Total.....	<u>\$53,351,312</u>	<u>\$53,695,846</u>

Total savings of the Eastern States Farmers' Exchange were \$1,752,104 in 1944 and \$1,477,111 in 1945. These savings were distributed as follows for the 2 years:

	<u>1944</u>	<u>1945</u>
Patronage refunds.....	\$1,173,910	\$989,664
Retained in reserves.....	<u>578,194</u>	<u>487,447</u>
Total.....	<u>\$1,752,104</u>	<u>\$1,477,111</u>

The financial statements for the Eastern States Farmers' Exchange as of December 31, 1944 and 1945, were as follows:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$7,395,810	\$7,687,353
Fixed assets.....	1,372,100	1,376,658
Other assets.....	<u>271,921</u>	<u>267,168</u>
Total assets.....	<u>\$9,039,831</u>	<u>\$9,331,179</u>
Liabilities and net worth:		
Current liabilities.....	\$1,789,898	\$4,173,799
Fixed indebtedness.....	2,580,000	-
Net worth (patrons' equity).....	<u>4,669,933</u>	<u>5,157,380</u>
Total liabilities and net worth.....	<u>\$9,039,831</u>	<u>\$9,331,179</u>

It is significant that all of the net worth, or patrons' equity, was accumulated through retained savings.

The accumulated capital expenditures of the Exchange for its feed mill, three fertilizer plants, regional warehouses, and other operating facilities, amounted to \$7,171,726 on December 31, 1945. However, only \$1,376,658 was carried on the books as capital investment since the

Exchange has followed the policy of writing off the value of its facilities and equipment, recognizing that in a bona fide nonprofit patron-owned cooperative, facilities so financed cost patrons less and result in lower margins and service charges.

On December 31, 1945, the Exchange had 1,090 employees of whom 312 were employed in general administration, 591 in manufacturing and processing, and 187 in distributing through its warehouses. These figures include employees on the pay roll of the organization. They do not include farmer-representatives and employees of cooperatives who distribute supplies for the Exchange for local handling charges paid by members.

(OHIO) FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1945, it was serving 86 member associations, with 186 distribution points, in the State of Ohio. These cooperative outlets served 125,000 patrons, of whom 92 percent were farmers.

The wholesale supply sales of the Farm Bureau Cooperative Association, Inc., were distributed for 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$ 7,053,889	¹ \$ 7,278,285
Fertilizer.....	2,430,297	2,558,376
Seed and seed potatoes.....	1,103,952	1,063,034
Gas, oil, and grease.....	2,233,189	3,356,398
Tires, tubes, and other accessories.....	116,350	154,815
Farm machinery.....	374,261	531,798
Farm equipment.....	71,592	102,637
Steel products.....	971,975	805,299
Lumber, paint, and other maintenance equipment.....	161,257	260,753
Insecticides.....	205,321	219,280
Electrical equipment and appliances.....	236,927	287,417
Twine.....	39,634	68,035
Coal.....	288,918	282,575
Miscellaneous farm supplies.....	563,096	863,778
Total wholesale supply sales.....	<u>\$15,850,658</u>	<u>\$17,832,480</u>

The value of farm products marketed through the Farm Bureau Cooperative Association, Inc., amounted to the following:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Grain.....	\$4,460,416	\$6,751,952
Eggs, butter.....	<u>1,433,636</u>	<u>1,452,215</u>
Total value of farm products.....	<u>\$5,894,052</u>	<u>\$8,204,167</u>

¹Includes \$1,587,954 Intercompany sales.

The total net savings from all operations amounted to \$547,771 in 1944 and \$509,727 in 1945. The distribution of these savings was as follows:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$65,790	\$81,797
Cash patronage refunds.....	74,401	15,172
Patronage refunds in capital stock.....	294,989	247,000
Retained in reserves.....	<u>112,591</u>	<u>165,758</u>
Total net savings.....	<u>\$547,771</u>	<u>\$509,727</u>

The financial condition of the Farm Bureau Cooperative Association, Inc., as of December 31, 1944 and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$3,127,794	\$4,677,775
Fixed assets.....	1,187,088	1,679,279
Other assets.....	<u>663,278</u>	<u>1,171,815</u>
Total assets.....	<u>\$4,978,160</u>	<u>\$7,528,869</u>
Liabilities and net worth:		
Current liabilities.....	\$1,577,366	\$3,402,813
Other liabilities.....	510,000	765,000
Net worth (capital and reserves)	<u>2,890,794</u>	<u>3,361,056</u>
Total liabilities and net worth.....	<u>\$4,978,160</u>	<u>\$7,528,869</u>

Sixty-six percent of the net worth was accumulated through the sale of stock, while 34 percent was retained savings.

The principal operating facilities owned and operated by the Farm Bureau Cooperative Association, Inc., at the close of the 1945 fiscal year are listed below:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills.....	5	\$732,945	\$589,767
Fertilizer plants.....	4	394,342	306,327
Wholesale farm supply warehouses.....	5	55,884	31,945
Refinery.....	1	289,427	211,871
Transport trucks.....	3	13,332	1,763
Oil delivery trucks.....	8	<u>78,030</u>	<u>20,699</u>
Total value.....		<u>\$1,563,960</u>	<u>\$1,162,372</u>

In addition to the above, the association had invested \$1,053,100 in feed, fertilizer, petroleum processing, and other facilities jointly owned with other cooperative associations.

As of December 31, 1945, the Farm Bureau Cooperative Association, Inc., had 522 employees. Of this number, 104 were engaged in general administration, 390 in manufacturing and processing, and 28 in wholesale distribution.

CONSUMERS COOPERATIVE ASSOCIATION

The Consumers Cooperative Association, Kansas City, Missouri, was organized in 1929. At the end of its operating year, August 31, 1945, it served 907 member and 319 nonmember associations in Missouri, Kansas, Oklahoma, Nebraska, Iowa, Colorado, North Dakota, South Dakota, Utah, and Wyoming. These associations, in turn, served approximately 250,000 patrons, of whom about 98 percent were farmers.

The wholesale supply sales of the Consumer Cooperative Associations were distributed as follows for the fiscal year ending August 31, 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Petroleum products.....	\$12,254,000	\$17,302,745
Tires, tubes, and accessories.....	405,845	519,837
Paint.....	104,306	117,698
Twine.....	94,363	127,396
Spray.....	16,730	14,708
Feed.....	788,178	1,575,253
Machinery.....	35,283	113,364
Wire and steel.....	137,059	102,838
Lumber and roofing.....	635,083	321,751
Groceries.....	853,874	1,423,628
Household appliances.....	158,637	208,181
Miscellaneous ¹	<u>67,194</u>	<u>107,153</u>
Total wholesale sales.....	<u>\$15,550,606</u>	<u>\$21,934,552</u>

On August 31, 1945, the Consumers Cooperative Association was serving 7,172 member patrons direct through facilities operated by its retail department. The retail sales of this department increased from \$305,591 in 1944 to \$326,406 in 1945.

The net savings of the Consumers Cooperative Association were as follows for the fiscal years ending August 31, 1944 and 1945:

	<u>1944</u>	<u>1945</u>
Wholesale.....	\$236,976	\$577,974
Retail.....	<u>8,097</u>	<u>1,140</u>
Total.....	<u>\$245,073</u>	<u>\$579,114</u>

¹Service station equipment and farm supplies.

The financial condition of the Consumers Cooperative Association as of August 31, 1944 and 1945, is shown below:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$1,935,122	\$2,332,093
Fixed assets.....	849,972	1,753,265
Other assets.....	<u>1,954,408</u>	<u>3,458,805</u>
Total assets.....	<u>\$4,739,502</u>	<u>\$7,544,163</u>
Liabilities and net worth:		
Current liabilities.....	\$1,480,114	\$2,098,967
Other liabilities.....	526,060	674,787
Net worth (capital and reserves)	<u>2,733,328</u>	<u>4,770,409</u>
Total liabilities and net worth.....	<u>\$4,739,502</u>	<u>\$7,544,163</u>

Of the net worth as of August 31, 1945, 19 percent was accumulated through sale of stock, and 81 percent represented retained savings.

The Consumers Cooperative Association employs three subsidiary corporation to perform manufacturing services - the Cooperative Refinery Association, the Cooperative Pipe Line Association, and the Cooperative Oil Producing Association. The common stock of each subsidiary organization is owned by the Consumers Cooperative Association, and its directors are also the directors of the subsidiary corporations. Savings of the subsidiaries after reserves have been created and dividends paid on common and preferred stock accrue to the Consumers Cooperative Association. For that reason the full financial condition of the enterprise controlled by the Consumers Cooperative Association can only be shown by combining the financial statements of the Consumers Cooperative Association with those of its three subsidiary corporations. The composite balance sheets of the Consumers Cooperative Association, and of the Cooperative Refinery Association, Cooperative Pipe Line Association, and the Cooperative Oil Producing Association for the years ending August 31, 1944 and 1945, were as follows:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$5,407,774	\$7,084,336
Fixed assets.....	4,708,629	5,923,661
Other assets.....	<u>1,541,830</u>	<u>1,859,267</u>
Total assets.....	<u>\$11,658,233</u>	<u>\$14,867,264</u>
Liabilities and net worth:		
Current liabilities.....	\$2,367,989	\$3,208,675
Other liabilities.....	4,458,439	4,388,601
Net worth.....	<u>4,831,805</u>	<u>7,269,988</u>
Total liabilities and net worth.....	<u>\$11,658,233</u>	<u>\$14,867,264</u>

The combined net sales of the Consumers Cooperative Association and the Cooperative Refinery Association, Cooperative Pipe Line Association and the Cooperative Oil Producing Association for the years ending August 31, 1944 and 1945, were as follows:

<u>Sales</u>	<u>1944</u>	<u>1945</u>
Consumers Cooperative Association.....	\$15,856,197	\$22,032,764
Cooperative Refinery Association.....	10,994,597	15,010,649
Cooperative Pipe Line Association.....	1,307,434	1,457,303
Cooperative Oil Producing Association...	<u>52,728</u>	<u>10,538</u>
Total sales.....	<u>\$28,210,956</u>	<u>\$38,511,254</u>

The following tabulation shows the combined savings of the Consumers Cooperative Association, Cooperative Refinery Association, Cooperative Pipe Line Association, and Cooperative Oil Producing Association for the years ending August 31, 1944 and 1945:

	<u>1944</u>	<u>1945</u>
Consumers Cooperative Association.....	\$245,073	\$579,114
Cooperative Refinery Association.....	1,267,132	1,169,477
Cooperative Pipe Line Association.....	11,024	11,852
Cooperative Oil Producing Association.....	<u>2,575</u>	<u>6,064</u>
Total.....	<u>\$1,525,804</u>	<u>\$1,766,507</u>

These savings were distributed in the following manner for the 2 years:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$39,759	\$56,280
Patronage refunds in cash	34,982	36,732
Patronage refunds in share capital.....	125,347	30,700
Additions to reserves.....	365,851	557,928
Deferred patronage refunds and revolving fund..	<u>959,865</u>	<u>1,084,867</u>
Totals.....	<u>\$1,525,804</u>	<u>\$1,766,507</u>

The Consumers Cooperative Association and its subsidiary corporations had 1,857 employees on August 31, 1945, of whom 300 were employed in general administration, 1,273¹ in manufacturing and processing, 193 in wholesale distribution, and 91 in retail distribution.

ILLINOIS FARM SUPPLY COMPANY

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year, August 31, 1945, it was providing a wholesale farm supply service for 162 member associations² throughout the State of Illinois which, in turn, served

¹310 employed in canning operations during seasonal pack only.

²Seventy-eight of the member associations are cooperative petroleum service companies which operate over county-wide areas. The remaining 84 are farmers' cooperative associations of various types.

about 115,000 patrons of whom approximately 97 percent were farmers. Member associations must operate under the Capper-Volstead Act and the Agricultural Cooperative Act of Illinois and must be engaged wholly or partly in cooperative distribution of farm supplies.

The wholesale supply sales of the Illinois Farm Supply Company were distributed during the fiscal years ending August 31, 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$2,778,771	\$3,811,902
Fertilizer.....	139,430	728,223
Petroleum products.....	10,223,361	11,076,988
Tires, tubes, and accessories.....	367,746	389,138
Farm equipment.....	43,127	238,013
Steel products.....	144,234	238,014
Lumber, paint, and other maintenance equipment.....	442,846	437,380
Insecticides	83,339	76,738
Electrical equipment.....	2,064	942
Twine.....	18,698	30,634
Miscellaneous ¹	2,388,775	2,309,035
Total wholesale sales.....	<u>\$16,632,391</u>	<u>\$19,337,007</u>

The total net savings from all operations amounted to \$973,970 in 1944 and \$1,247,310 in 1945. These savings were distributed for the 2 years in the following way:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$45,920	\$51,784
Patronage refunds in cash.....	749,810	1,075,974
Additions to reserves.....	<u>178,240</u>	<u>119,552</u>
Total.....	<u>\$973,970</u>	<u>\$1,247,310</u>

The financial condition of the Illinois Farm Supply Company, as of August 31, 1944 and 1945, was as follows:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$2,545,926	\$3,095,041
Fixed assets.....	250,668	504,019
Other assets.....	<u>104,487</u>	<u>137,698</u>
Total assets.....	<u>\$2,901,081</u>	<u>\$3,736,758</u>

	<u>1944</u>	<u>1945</u>
Liabilities and net worth:		
Current liabilities.....	\$1,035,305	\$1,526,912
Other liabilities.....	170,247	229,548
Net worth (capital and reserves).....	<u>1,695,529</u>	<u>1,980,298</u>
Total liabilities and net worth.....	<u>\$2,901,081</u>	<u>\$3,736,758</u>

¹Miscellaneous figures in both 1944 and 1945 include the gross freight income of the transportation department.

On August 31, 1945, 42 percent of the net worth had been accumulated through the sale of stock while 58 percent represented retained savings.

Information on the type and value of principal operating facilities owned by the Illinois Farm Supply Company as of August 31, 1945, is as follows:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Other operating facilities.....	-	\$33,729	\$13,080
Marine terminal bulk			
petroleum plants.....	2	237,847	184,708
Transport trucks.....	18	177,205	98,073
Barges.....	4	95,189	71,488
Towboats.....	2	157,033	125,247
Laboratory.....	1	7,494	6,103
Tire recapping plant.....	1	22,579	5,320
Total operating facilities.....		<u>\$731,076</u>	<u>\$504,019</u>

As of August 31, 1945, the Illinois Farm Supply Company had 157 employees, of whom 77 were engaged in general administration and 80 in wholesale distribution.

FRUIT GROWERS SUPPLY COMPANY

The Fruit Growers Supply Company of Los Angeles, California, organized in October 1907, is the oldest major farmers' cooperative purchasing association. It serves 180 member citrus packing house associations with 12,000 farmer-members who are located in the citrus districts of southern and central California. Although separately incorporated and managed, it is in fact the supply department for the California Fruit Growers Exchange.

The wholesale supply sales of the Fruit Growers Supply Company were distributed during 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Fertilizer.....	\$2,140,678	\$2,089,065
Miscellaneous orchard supplies.....	118,566	257,721
Gas, oil, and grease.....	47,108	56,749
Insecticides.....	1,122,901	1,404,643
Box shook, tissue paper wraps, and other packing supplies.....	<u>13,513,140</u>	<u>13,915,675</u>
Total wholesale supply sales.....	<u>\$16,942,393</u>	<u>\$17,723,853</u>

The total patronage refunds on these sales amounted to \$1,882,866 in 1944 and \$1,307,006 in 1945, all of which were distributed in cash.

The financial condition of the Fruit Growers Supply Company as of December 31, for 1944 and 1945 is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$6,219,825	\$5,147,066
Fixed assets.....	<u>5,888,995</u>	<u>13,714,328</u>
Total assets.....	<u>\$12,108,820</u>	<u>\$18,861,394</u>
Liabilities and net worth:		
Current liabilities.....	\$1,662,656	\$3,728,147
Other liabilities.....	2,000,000	7,698,621
Net worth (capital and reserves).....	<u>8,446,164</u>	<u>7,434,626</u>
Total liabilities and net worth.....	<u>\$12,108,820</u>	<u>\$18,861,394</u>

As of December 31, 1945, 80.7 percent of the net worth had been accumulated through the sale of stock, while 19.3 percent represented savings temporarily retained out of earnings.

The Fruit Growers Supply Company owns and operates three lumber plants which at the close of 1945 had a depreciated value of \$2,652,830.

On December 31, 1945, the Company had 2,488 employees engaged in manufacturing and processing and 6 engaged in general administration.

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters at Indianapolis, Indiana, was organized in its present form in February 1927. At the end of its operating year, December 31, 1945, it was serving 85 Indiana county farm bureau cooperative associations, and 1 in Kentucky. These 86 associations distribute supplies to approximately 110,000 patrons, 95 percent of whom are farmers.

The wholesale supply sales of the Indiana Farm Bureau Cooperative Association, Inc., were distributed during 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$2,554,016	\$2,950,573
Fertilizer.....	2,437,504	2,422,320
Seed.....	674,879	661,381
Gas, oil, and grease.....	4,628,624	4,981,565
Tires, tubes, and other accessories.....	68,341	141,587
Farm machinery.....	449,000	777,939
Farm equipment.....	171,730	195,514
Steel products.....	1,721,567	1,701,382
Lumber, paint, and other maintenance equipment.....	1,433,978	1,431,427
Insecticides.....	62,322	63,374
Electrical equipment and appliances.....	198,798	244,147
Twine.....	29,227	38,494
Coal.....	828,044	990,916
Chicks, eggs, and poultry.....	154,994	237,486
Miscellaneous.....	<u>313,800</u>	<u>371,557</u>
Total wholesale supply sales.....	<u>\$15,726,824</u>	<u>\$17,209,662</u>

The total net savings on sales amounted to \$1,014,758 in 1944 and \$1,093,673 in 1945. Savings were distributed as follows:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$101,657	\$144,940
Patronage refunds in cash.....	556,210	927,549
Retained in reserves.....	355,609	-
Retained for surplus adjustments.....	1,282	21,184
Total net savings.....	\$1,014,758	\$1,093,673

The financial condition of the Indiana Farm Bureau Cooperative Association, Inc., as of December 31, for 1944 and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$3,379,630	\$4,626,721
Fixed assets.....	876,989	1,722,995
Other assets.....	1,790,480	3,641,642
Total assets.....	\$6,047,099	\$9,991,358
Liabilities and net worth:		
Current liabilities.....	\$1,499,028	\$4,431,789
Other liabilities.....	167,500	140,000
Net worth (capital and reserves)	4,380,571	5,419,569
Total liabilities and net worth.....	\$6,047,099	\$9,991,358

On December 31, 1945, 17.18 percent of the net worth represented retained savings, while 82.82 percent had been accumulated through the sale of stock.

At the close of 1945, the Indiana Farm Bureau Cooperative Association, Inc., owned and operated the following principal facilities:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Fertilizer plants.....	1	\$262,836	\$180,180
Seed cleaning plants.....	1	14,283	5,464
Wholesale farm supply warehouses....	-	-	-
Petroleum refinery.....	1	1,023,594	843,767
Transport trucks.....	17	127,465	24,413
General delivery trucks.....	6	5,513	1,363
Barge and towboat.....	2	121,598	99,587
Total value.....		\$1,555,289	\$1,154,774

In addition to the above, the association held investments of approximately \$1,500,000 in facilities jointly owned with other cooperative associations.

The association had at the close of the 1945 season 362 employees of whom 180 were engaged in general administration activities, 71 in manufacturing and processing, and 111 in wholesale distribution work.

FARMERS UNION CENTRAL EXCHANGE, INC.

Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minnesota, was organized in 1931. At the end of its fiscal year, December 31, 1945, it was serving 400 active member associations with approximately 175,000 patrons, 90 percent of whom were farmers, and 200 nonmember associations with 150,000 patrons, 80 percent of whom were farmers. It operates in North Dakota, South Dakota, Montana, Minnesota, Wisconsin, Idaho, and Wyoming.

The wholesale supply sales of the Farmers Union Central Exchange were distributed during 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed, seed, flour, and fertilizer.....	\$1,151,074	\$1,096,977
Gas, oil, and grease.....	8,002,607	9,456,109
Tires, tubes, and other accessories.....	1,052,934	1,461,905
Farm machinery.....	752,487	841,363
Steel products.....	113,242	127,400
Lumber, paint, and other maintenance equipment.....	356,855	348,663
Insecticides.....	21,464	21,550
Electrical equipment and appliances.....	259,393	231,463
Twine.....	157,184	140,568
Coal.....	38,240	29,716
Groceries.....	155,858	159,103
Miscellaneous.....	<u>239,012</u>	<u>149,277</u>
Total wholesale supply sales.....	<u>\$12,300,350</u>	<u>\$14,064,094</u>

The total net savings on these sales amounted to \$978,961 in 1944 and \$1,320,630 in 1945. In addition, savings in the form of stock and stock credits from other cooperatives amounted to \$312,769 in 1944, and \$319,608 in 1945, which made total savings of \$1,291,730 for 1944, and \$1,640,239 for 1945. These savings were distributed in the following manner:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$74,124	\$99,049
Educational fund.....	48,948	64,585
Patronage refunds in capital stock.....	934,485	1,126,540
Retained in reserves.....	234,173	328,048
Employees saving sharing fund.....	<u>-</u>	<u>22,017</u>
Total net savings.....	<u>\$1,291,730</u>	<u>\$1,640,239</u>

The financial condition of the Farmers Union Central Exchange, Inc., as of December 31, for 1944 and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$2,451,227	\$3,771,849
Fixed assets.....	1,259,870	1,125,229
Other assets.....	1,056,795	24,366
Investments.....	-	1,678,631
Total assets.....	<u>\$4,767,892</u>	<u>\$6,600,075</u>
Liabilities and net worth:		
Current liabilities.....	\$1,034,422	\$1,454,782
Net worth (capital and reserves).....	3,733,470	5,145,293
Total liabilities and net worth.....	<u>\$4,767,892</u>	<u>\$6,600,075</u>

As of December 31, 1945, 100 percent of the net worth represented retained savings.

The Farmers Union Central Exchange, Inc., owned and operated the following facilities at the close of 1945:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Wholesale farm supply warehouses.....	5	\$45,324	\$21,581
Oil blending plant.....	1	197,183	142,939
Oil blending equipment.....		39,797	14,080
Auto and trucks.....		34,080	17,398
Furniture and fixtures.....		87,120	51,722
Refinery property.....		1,113,044	841,917
Bulk plant and equipment.....		10,395	5,229
Non-classified.....		42,225	30,300
Total value.....		<u>\$1,569,168</u>	<u>\$1,125,229</u>

On December 31, 1945, the Farmers Union Central Exchange, Inc., had 350 employees engaged in wholesale distribution.

FARMERS COOPERATIVE EXCHANGE, INC.

The Farmers Cooperative Exchange, Inc. (F.C.X.), with headquarters at Raleigh, North Carolina, was organized on March 12, 1934. It serves approximately 43,000 patrons in North Carolina and South Carolina, of whom almost all are farmers.¹

¹The F.C.X. is closely related to the North Carolina Cotton Growers Cooperative Association. The boards of directors interlock and the same general manager serves both organizations. The volume of cotton handled by the North Carolina Cotton Growers Association was approximately 9 million dollars during the 1944-45 season and its net worth as of June 30, 1945, totaled \$577,667.

The F.C.X. distributes supplies through 34 F.C.X. retail service stores, which are centrally managed, 32 independent cooperative associations, 235 private dealer agencies, and 300 farmer "order takers" for fertilizer.

The wholesale supply sales of the F.C.X. were distributed as follows for the years ending June 30, 1944 and 1945.

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feeds.....	\$4,512,906	\$3,955,585
Fertilizer.....	884,037	854,804
Seed and farm supplies.....	1,247,960	1,325,624
Steel products and paint.....	<u>159,951</u>	<u>124,805</u>
Total wholesale supply sales.....	<u>\$6,804,854</u>	<u>\$6,260,818</u>

The value of supplies distributed at retail by F.C.X. managed retail outlets amounted to \$5,843,198 in 1944 and \$5,293,986 in 1945.

The value of farm products marketed by the F.C.X. was as follows for 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Potatoes.....	\$488,016	
Seeds.....	655,182	\$657,161
Eggs, poultry, and miscellaneous.....	<u>606,314</u>	<u>472,966</u>
Total sales of farm products.....	<u>\$1,749,512</u>	<u>\$1,130,127</u>

The total net savings of the combined operations of the F.C.X. amounted to \$512,723 at the end of fiscal year June 30, 1944 and \$388,726 at the end of fiscal year June 30, 1945. These savings were distributed in the following way:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$21,902	\$34,123
Cash patronage refunds (by Mecklenburg F.C.X.).....	8,657	7,774
Patronage refunds in capital stock.....	143,728	166,609
Retained in reserves ¹	<u>338,436</u>	<u>180,220</u>
Total net savings.....	<u>\$512,723</u>	<u>\$388,726</u>

¹Of the amount retained in reserve in the period 1943-44, \$149,000 was reserved for inventory decline.

The financial condition of the F.C.X. as of June 30, 1944 and June 30, 1945 is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$1,796,097	\$1,355,149
Fixed assets (depreciated).....	104,833	119,719
Other assets.....	<u>199,800</u>	<u>233,605</u>
Total assets.....	<u>\$2,100,730</u>	<u>\$1,708,473</u>
Liabilities and net worth:		
Current liabilities.....	\$732,206	\$82,785
Other liabilities.....	-	-
Net worth (capital and reserves).....	<u>1,368,524</u>	<u>1,625,688</u>
Total liabilities and net worth.....	<u>\$2,100,730</u>	<u>\$1,708,473</u>

As of June 30, 1945, 79 percent of the net worth had been retained out of savings. The balance had been accumulated through the sale of stock or from membership fees.

The F.C.X. and Southern States Cooperative, Inc., own Cooperative Feed Mills at Statesville, North Carolina, and manufacture jointly feed and fertilizer at Cooperative Mills in Norfolk and in Roanoke, Virginia, and fertilizer at Cooperative Fertilizer Service in Norfolk, Virginia. The F.C.X. investment in these facilities on June 30, 1945 amounted to \$181,901. The F.C.X. also owns 9 seed-cleaning plants and 34 general delivery trucks.

At the close of the 1945 fiscal year the F.C.X. had 251 employees, 55 engaged in general administration, 176 in retail distribution, and 20 in wholesale distribution.

MIDLAND COOPERATIVE WHOLESALE

The Midland Cooperative Wholesale, with headquarters at Minneapolis, Minnesota, was organized on September 8, 1926. At the end of its operating year, December 31, 1945, it was serving 383 member associations with 268,100 patrons, 92 percent of whom were farmers, and 104 non-member associations with 72,800 patrons, 90 percent of whom were farmers. The association operates throughout all Minnesota except the northeastern quarter, all of Wisconsin except the extreme north and northwest, in northern Iowa, and the extreme eastern part of the Dakotas.

The wholesale supply sales of the Midland Cooperative Wholesale were distributed during 1944 and 1945 in the following way:

	<u>1944</u>	<u>1945</u>
Feed, flour, and middlings.....	\$722,668	\$1,200,550
Fertilizer.....	264,415	343,712
Seed.....	269,886	375,469
Gas, oil, and grease.....	6,337,440	6,480,377
Tires, tubes, and accessories.....	512,254	661,728
Farm machinery.....	54,525	87,605
Equipment.....	58,753	86,061
Steel products.....	153,450	166,451
Lumber, paint, etc.....	116,360	119,819
Insecticides.....	28,818	25,955
Electrical equipment.....	673,832	762,353
Twine.....	-	-
Coal.....	68,912	70,918
Groceries and dry goods.....	736,738	877,494
Hardware,.....	162,277	209,158
Miscellaneous.....	16,135	8,496
Total wholesale supply sales.....	<u>\$10,176,463</u>	<u>\$11,476,146</u>

The total net savings on these sales (after income tax) amounted to \$817,175 in 1944 and \$686,072 in 1945. These savings were distributed in the following manner:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$26,883	\$40,265
Patronage refunds in capital stock.....	706,545	574,167
Retained in allocated surplus.....	83,747	71,640
Total net savings after all income taxes, Federal and State.....	<u>\$817,175</u>	<u>\$686,072</u>

The financial condition of the Midland Cooperative Wholesale as of December 31, for 1944 and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$1,849,689	\$2,357,097
Fixed assets.....	956,804	1,028,889
Other assets.....	832,535	1,365,686
Total assets.....	<u>\$3,639,028</u>	<u>\$4,751,672</u>
Liabilities and net worth:		
Current liabilities.....	\$740,549	\$1,434,682
Other liabilities.....	816,513	590,463
Net worth (capital and reserves)	2,081,966	2,726,527
Total liabilities and net worth.....	<u>\$3,639,028</u>	<u>\$4,751,672</u>

Of the net worth, 88 percent represented retained savings while 12 percent was accumulated from the sale of stock.

On December 31, 1945, the Midland Cooperative Wholesale owned and operated the following principal facilities:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Refinery (complete)	1	\$809,555	\$629,687
Oil blending plants and bulk petroleum plants and warehouses.....	2	394,355	289,348
Transport trucks and trailers.....	5	26,117	16,032
Feed mill.....	1	65,875	58,660
Other properties.....	1	36,819	35,162
Total operating facilities.....		<u>\$1,332,721</u>	<u>\$1,028,889</u>

Investments by Midland in other production and operating facilities jointly with other cooperatives:

<u>Type</u>	<u>Amount invested</u>
Fertilizer, feed, seed.....	\$360,192
Shingle mill and timber.....	19,727
Refinery and pipe line.....	713,198
Farm machinery factories.....	51,564
Soybean mill.....	16,727
National Cooperatives, Inc. (including milking machine and chemical factories).....	163,328
Miscellaneous.....	<u>27,628</u>
Total.....	<u>\$1,352,364</u>

At the close of the 1945 operating season, the Midland Cooperative Wholesale had 216 employees engaged in general administration and wholesale distribution, and 120 in production.

THE M. F. A. MILLING COMPANY

The M.F.A. Milling Company, with headquarters at Springfield, Missouri, was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year, June 30, 1945, it was serving 107 local M.F.A. farmers cooperative exchanges with 50,000 farmer members. The M.F.A. Milling Company, the largest wholesale purchasing association affiliated with the Missouri Farmers Association, is owned by local M.F.A. cooperatives in south Missouri. The local cooperatives, in turn, are owned by the M.F.A. members which the local cooperatives serve. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan and is financed by patrons' equities. Half of the board of directors is named by the local cooperatives it serves, and which constitute its membership, and the other half is named by the State Board of the Missouri Farmers Association. The M.F.A. Milling Company has a service area which comprises the southern two-fifths of Missouri.

The wholesale supply sales of the M.F.A. Milling Company were distributed as follows during the year ending June 30 for 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$10,978,421	\$9,507,450
Seed.....	296,040	340,751
Wire.....	104,524	140,957
Twine.....	28,836	23,529
Paint.....	-	17,919
Total wholesale sales.....	<u>\$11,407,821</u>	<u>\$10,030,606</u>

The total net savings amounted to \$483,246 in 1944 and \$329,622 in 1945.

The financial condition of the M.F.A. Milling Company as of June 30, 1944 and 1945 was as follows:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$1,409,027	\$980,929
Fixed assets.....	357,374	370,450
Other assets.....	<u>50,150</u>	<u>41,864</u>
Total assets.....	<u>\$1,816,551</u>	<u>\$1,393,243</u>
Liabilities and net worth:		
Current liabilities.....	\$509,762	\$15,188
Other liabilities.....	8,187	-330
Net worth.....	<u>1,298,602</u>	<u>1,378,385</u>
Total liabilities and net worth.....	<u>\$1,816,551</u>	<u>\$1,393,243</u>

All of the net worth on June 30, 1945, represented savings which have been retained under a revolving fund plan of financing.

On June 30, 1945, the operating facilities of the M.F.A. Milling Company consisted of the following:

<u>Type</u>	<u>Cost value</u>	<u>Depreciated value</u>
Trucks, semi-trailers, and service costs.....	\$14,498	\$14,217
Mill buildings, machinery, and equipment.....	<u>544,734</u>	<u>203,465</u>
Total.....	<u>\$559,232</u>	<u>\$217,682</u>

The M.F.A. Milling Company, as of June 1945, had 210 employees of whom 170 were employed at Springfield and 40 at Aurora. Of the total 210 employees, 6 were classified as being in general administration, 12 in sales and service, and 192 in manufacturing and processing.

FARM BUREAU SERVICES, INC.

Farm Bureau Services, Inc., with headquarters at Lansing, Michigan, was organized on October 25, 1929, to provide a cooperative wholesale farm supply service for farmers' cooperative associations in Michigan. At the end of its fiscal year, August 31, 1945, this organization provided supply service to some 100,000 patrons through 128 member associations, 38 nonmember associations, and 200 private dealer-outlets.¹ Farmers represented approximately 90 percent of the patrons of these retail outlets.

Wholesale sales of Farm Bureau Services, Inc., were distributed by commodities as follows for the fiscal years ending August 31, 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$2,292,257	\$2,278,188
Fertilizer.....	879,281	918,480
Seed.....	742,544	691,421
Petroleum products.....	850,648	942,304
Tires, tubes, and accessories.....	25,598	24,537
Steel products.....	484,058	627,047
Lumber, paint, and other maintenance equipment	57,061	69,933
Insecticides.....	181,979	215,549
Machinery, electrical equipment, and appliances	515,392	995,794
Binder twine.....	50,969	In machinery
Coal.....	128,924	99,903
Total wholesale sales.....	<u>\$6,208,711</u>	<u>\$6,863,156</u>

In addition to the wholesale supply sales, the value of supplies distributed direct to consumers, through nine branch retail outlets amounted to \$1,937,768 in 1944 and \$1,730,492 in 1945.

While Farm Bureau Services, Inc., is primarily a cooperative purchasing association, it also marketed farm products during the years ending August 31, 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Grain.....	\$237,266	\$364,071
Beans and potatoes.....	2340,296	179,535
Eggs and poultry.....	104,122	92,636
Total.....	<u>\$681,684</u>	<u>\$636,242</u>

The total net savings of the organization for the fiscal years 1944 and 1945 were as follows:

	<u>1944</u>	<u>1945</u>
On wholesale supply sales.....	\$252,546	\$298,527
On retail supply sales.....	47,307	23,167
On marketing sales.....	16,619	8,584
Total.....	<u>\$316,472</u>	<u>\$330,278</u>

¹Thirteen of the member-associations were managed by Farm Bureau Services, Inc., under "Management Contracts."

²Includes approximately \$174,000, value of beans handled on commission basis.

These savings were distributed as follows:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$22,258	\$30,139
Patronage refunds in capital stock.....	<u>294,214</u>	<u>300,139</u>
Total.....	<u>\$316,472</u>	<u>\$330,278</u>

The financial condition of Farm Bureau Services, Inc., as of August 31, 1944 and 1945, is shown by the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$1,037,031	\$1,196,523
Fixed assets.....	234,338	346,616
Other assets.....	<u>266,886</u>	<u>293,134</u>
Total assets.....	<u>\$1,538,255</u>	<u>\$1,836,273</u>
Liabilities and net worth:		
Current liabilities.....	\$260,881	\$307,014
Fixed indebtedness.....	71,351	-
Net worth (capital and reserves)	<u>1,206,023</u>	<u>1,329,259</u>
Total liabilities and net worth.....	<u>\$1,538,255</u>	<u>\$1,836,273</u>

The net worth, as of August 31, 1945, largely represented retained savings, only 13 percent having been accumulated through sale of stock and membership fees.

Information on the type and value of principal operating facilities owned by the Farm Bureau Services, Inc., as of August 31, 1945, is here given:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Wholesale farm supply warehouse.....	5	\$182,325	\$166,210
Seed cleaning plant.....	1	49,486	41,551
Retail farm supply branches.....	7	128,883	79,017
General delivery truck.....	24	22,854	7,505
Bulk petroleum plants ¹	2	7,336	4,434
Supply stores and elevators ¹	1	17,893	7,917
Office and other equipment.....		17,386	6,413
Transportation department truck and trailer.....	8	23,127	13,085
Transportation department equipment...			
Bulk petroleum plant.....	1	5,657	5,484
Vacant property for future expansion.....	1	15,000	15,000
Total value.....		<u>\$469,947</u>	<u>\$346,616</u>

¹Leased to local associations managed by Farm Bureau Services, Inc.

At the end of the fiscal year, August 31, 1945, Farm Bureau Services, Inc., had 237 employees who can be classified as follows:

(a) In general administration.....	31
(b) In manufacturing and processing (seed).....	7
(c) In wholesale distribution.....	52
(d) In retail distribution.....	100
(e) In contractual service for affiliated Michigan Farm Bureau.....	47

PENNSYLVANIA FARM BUREAU COOPERATIVE ASSOCIATION

The Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, Pennsylvania, was organized in 1934. At the close of 1945, it was serving 27 member associations with 80,000 patrons, of whom 90 percent were farmers. Its service area comprises 53 counties in the State of Pennsylvania.

The wholesale supply sales of the Pennsylvania Farm Bureau Cooperative Association were distributed as follows for the years ending December 31, 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$3,780,896	\$4,207,886
Fertilizer.....	819,127	921,981
Seed.....	868,021	809,494
Gas, oil, and grease.....	2,248,121	2,123,053
Tires, tubes, and other accessories.....	80,335	42,341
Farm machinery.....	684	-
Farm equipment.....	159,813	380,026
Steel products.....	68,017	54,809
Lumber, paint, and other maintenance equipment.....	80,642	92,325
Insecticides.....	113,302	118,506
Electrical equipment and appliances.....	12,361	11,140
Twine.....	47,822	57,934
Miscellaneous.....	39,311	304,605
Total wholesale supply sales.....	<u>\$8,318,452</u>	<u>\$9,124,100</u>

The net savings on these sales amounted to \$337,573 in 1944 and \$237,508 in 1945. The distribution of the savings was as follows:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$34,165	\$46,429
Patronage refunds in capital stock.....	209,834	136,556
Retained in reserves.....	<u>93,574</u>	<u>54,523</u>
Total net savings.....	<u>\$337,573</u>	<u>\$237,508</u>

The financial condition of the Pennsylvania Farm Bureau Cooperative Association, as of December 31, 1944 and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$928,849	\$1,055,053
Fixed assets.....	347,015	364,475
Other assets.....	<u>446,277</u>	<u>453,105</u>
Total assets.....	<u>\$1,722,141</u>	<u>\$1,872,633</u>
Liabilities and net worth:		
Current liabilities.....	\$146,343	\$184,736
Other liabilities.....	76,000	4,365
Net worth (capital and reserves).....	<u>1,499,798</u>	<u>1,683,532</u>
Total liabilities and net worth.....	<u>\$1,722,141</u>	<u>\$1,872,633</u>

As of December 31, 1945, 28 percent of the net worth had been accumulated through the sale of stock, while 72 percent was retained savings.

The principal operating facilities of the Pennsylvania Farm Bureau Cooperative Association consist of the following:

<u>Type</u>	<u>Number of plants or units</u>	<u>Depreciated value</u>
Feed mill.....	1	\$84,333
Seed cleaning plant.....	1	93,256
Wholesale farm supply warehouse.....	2	22,877
Office building.....	1	47,783
Transport trucks.....	15	24,176
Dust plant.....	1	<u>10,483</u>
Total value of facilities.....		<u>\$282,908</u>

In addition to the above, the association held investments of \$525,647 in facilities jointly owned with other cooperative associations.

At the close of 1945 the association had 164 employees. Of these 103 were engaged in general administration, 50 in manufacturing and processing, and 11 in wholesale distribution.

PACIFIC SUPPLY COOPERATIVE

The Pacific Supply Cooperative, with headquarters at Walla Walla, Washington, was organized December 19, 1933. At the close of its operating year, December 31, 1945, it was serving 101 member cooperative associations in Oregon, Washington, Idaho, and northwest Wyoming, with 50,000 patrons, 95 percent of whom were farmers. It also served 40 non-member associations with 10,000 patrons, of whom 50 percent were farmers.

The wholesale supply sales of the Pacific Supply Cooperative were distributed during 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Fertilizer.....	\$281,984	\$270,830
Feed.....	1,969,433	2,042,638
Seed.....	617,487	743,033
Gas, oil, grease, and fuel oil.....	2,958,192	3,213,567
Tires, tubes, and other accessories.....	175,496	251,735
Farm machinery and parts.....	21,775	116,856
Steel products.....	147,122	180,630
Lumber, paint, and other maintenance equipment..	117,602	120,717
Insecticides.....	244,570	314,350
Electrical equipment and appliances.....	23,310	40,068
Twine.....	19,781	24,765
Coal.....	29,645	59,610
Hardware.....	295,374	320,228
Transport income.....	155,331	165,409
Miscellaneous.....	33,481	38,639
Total wholesale supply sales ¹	<u>\$7,090,583</u>	<u>\$7,903,075</u>

Total net savings amounted to \$413,332 in 1944 and \$450,096 in 1945. The distribution of these savings was made in the following manner:

	<u>1944</u>	<u>1945</u>
Patronage refunds in certificates of indebtedness.....	\$282,882	\$359,913
Retained in reserves.....	130,100	89,978
Other.....	350	205
Total net savings.....	<u>\$413,332</u>	<u>\$450,096</u>

The financial condition of the Pacific Supply Cooperative as of December 31, 1944, and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$1,480,247	\$1,635,323
Facilities and investments.....	519,508	590,963
Other assets.....	46,171	96,359
Total assets.....	<u>\$2,045,926</u>	<u>\$2,322,645</u>
Liabilities and net worth:		
Current liabilities.....	\$415,760	\$390,539
Other liabilities.....	501	489
Net worth (capital and reserves).....	1,629,665	1,931,617
Total liabilities and net worth.....	<u>\$2,045,926</u>	<u>\$2,322,645</u>

¹Includes a small volume of retail sales.

Practically all of the net worth, as shown on December 31, 1945, represented retained savings.

On December 31, 1945, the Pacific Supply Cooperative owned and operated these principal facilities:

Type	Number of plants or units	Cost value	Depreciated value
Wholesale farm supply warehouses.....	4	\$100,050	\$77,857
Seed and feed plants.....	3	193,922	172,406
Chemical plants.....	1	100,414	98,214
Transport trucks.....	6	64,281	14,528
Total value.....		<u>\$458,667</u>	<u>\$363,005</u>

In addition to the above, the association held investments of \$181,734.94 in facilities jointly owned with other cooperative associations.

At the close of 1945, the Pacific Supply Cooperative had 125 employees, 37 of whom were engaged in general administration, and 88 in wholesale distribution.

CENTRAL CO-OPERATIVE WHOLESALE

The Central Co-operative Wholesale (C.C.W.), with headquarters at Superior, Wisconsin, was organized on September 15, 1917. At the close of its operating year, December 31, 1945, it was serving 164 member and 64 nonmember cooperative associations in northern Michigan, northern Wisconsin, northern Minnesota, and eastern North Dakota. These cooperative outlets served 60,000 patrons, 80 percent of whom were farmers.

The wholesale supply sales of the C.C.W. were distributed during 1944 and 1945 as follows:

Commodities	1944	1945
Feed.....	\$2,054,816	\$2,292,814
Seed.....	72,181	64,197
Gas, oil, and grease.....	474,695	523,324
Tires, tubes, and other accessories.....	157,441	216,254
Steel products.....	60,343	79,950
Lumber, paints, and other maintenance equipment.	260,447	321,380
Insecticides.....	8,735	10,499
Electrical equipment and appliances.....	45,639	53,816
Farm machinery, parts, and miscellaneous hardware	397,326	543,364
Twine.....	14,990	11,561
Coal.....	101,380	111,018
Groceries.....	1,479,389	1,561,848
Fresh fruits and vegetables.....	166,779	177,333
Bakery products.....	204,305	217,465
Coffee.....	134,611	134,577
Clothing.....	499,667	373,597
Total wholesale sales.....	<u>\$6,132,744</u>	<u>\$6,692,997</u>

The total net savings on these sales amounted to \$136,047 in 1944 and \$192,079 in 1945. These savings were distributed as follows:

	<u>1944</u>	<u>1945</u>
Patronage refunds paid in capital		
stock shares.....	\$114,972	\$167,383
Percent interest on capital		
stock.....	<u>21,075</u>	<u>24,696</u>
Total net savings.....	<u>\$136,047</u>	<u>\$192,079</u>

The financial condition of the C.C.W. on December 31, for 1944 and 1945 is shown in the following statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$693,688	\$784,570
Fixed assets.....	248,390	284,481
Other assets.....	<u>260,067</u>	<u>323,898</u>
Total assets.....	<u>\$1,202,145</u>	<u>\$1,392,949</u>
Liabilities and net worth:		
Current liabilities.....	\$277,312	\$307,674
Net worth (capital and reserves)	<u>924,833</u>	<u>1,085,275</u>
Total liabilities and net worth.....	<u>\$1,202,145</u>	<u>\$1,392,949</u>

Of the net worth, 97 percent represented retained savings, while 3 percent was accumulated through the sale of stock.

On December 31, 1945, the principal operating facilities owned and operated by the C.C.W. consisted of the following:

<u>Type</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills.....	\$119,728	\$78,658
Coffee roastery.....	13,904	650
General delivery trucks.....	69,083	27,546
Office and warehouse		
buildings.....	205,969	153,157
Office and printing		
building.....	24,505	3,989
Bakery plant.....	<u>63,905</u>	<u>20,481</u>
Total.....	<u>\$497,094</u>	<u>\$284,481</u>

At the close of 1945 the C.C.W. had 186 employees, 45 of whom were engaged in general administration, 61 in manufacturing and processing, and 80 in wholesale distribution.

CONSUMERS COOPERATIVES ASSOCIATED

Consumers Cooperatives Associated, with headquarters at Amarillo, Texas, was organized in 1930. At the end of its operating year, December 31, 1945, it was serving 125 member associations with approximately 50,000 patrons, 90 percent of whom were farmers. The association operates throughout Texas and New Mexico, and in the southern part of Colorado, and the western part of Oklahoma.

The wholesale supply sales of the association were as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Gas, oil, and grease.....	\$1,815,758	\$4,220,026
Tires, tubes, and auto accessories.....	285,563	444,424
Feed, salt, and grain.....	237,598	320,550
Electrical equipment and farm and home supplies.....	226,483	268,375
Machinery and equipment.....	25,152	17,752
Miscellaneous.....	3,673	6,792
Total.....	<u>\$2,594,227</u>	<u>\$5,277,919</u>

The total net savings on these sales amounted to \$76,234 in 1944 and to \$235,346 in 1945. These savings were distributed in the following manner:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$4,439	\$23,055
Patronage refunds paid in cash.....	6,146	0
Patronage refunds in capital stock and equities.....	65,649	212,291
Total.....	<u>\$76,234</u>	<u>\$235,346</u>

The financial condition of Consumers Cooperatives Associated as of December 31, 1944 and 1945, is shown by the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$311,209	\$968,141
Fixed assets.....	126,966	801,006
Other assets.....	60,124	118,014
Total.....	<u>\$498,299</u>	<u>\$1,887,161</u>
Liabilities and net worth:		
Current liabilities.....	\$166,870	\$578,837
Other liabilities.....	55,158	445,541
Net worth.....	276,271	862,783
Total.....	<u>\$498,299</u>	<u>\$1,887,161</u>

Fifty-nine percent of the net worth was accumulated through the sale of stock, 10 percent through membership fees, and 31 percent retained savings.

The association has two branch warehouses located at Dallas and Edroy, Texas. A modern grain drying plant and feed mill are operated in connection with the Edroy warehouse.

On December 31, 1945, the association had 45 employees, of whom 20 were engaged in general administration and 25 in manufacturing, processing, and wholesale distribution.

FARMERS UNION STATE EXCHANGE

The Farmers Union State Exchange, with headquarters at Omaha, Nebraska, was organized in 1914. At the end of its operating year, December 31, 1945, it was serving 343 member associations with 50,000 patrons, of whom 98 percent were farmers. Through 10 private dealers it also reached 1,000 patrons, of whom 98 percent were farmers. The Exchange operates in the State of Nebraska and in nearby sections of Wyoming and Iowa.

The wholesale supply sales of the Farmers Union State Exchange were distributed during 1944 and 1945 as follows:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$94,841	\$106,973
Seed.....	23,133	15,586
Gas, oil, and grease.....	1,466,323	1,788,996
Tires, tubes, and other accessories.....	37,610	38,819
Farm equipment and hardware.....	182,886	320,451
Steel products.....	86,587	
Paint.....	30,113	22,729
Twine.....	15,212	29,286
Coal.....	75,829	63,694
Groceries.....	155,156	142,819
Clothing.....	66,606	56,725
Produce.....	182,495	173,487
Stationery.....	4,845	-
Miscellaneous.....	49,891	25,513
Truck income.....	80,926	84,800
 Total wholesale supply sales.....	 <u>\$2,552,453</u>	 <u>\$2,869,878</u>

The Farmers Union State Exchange also had retail sales of \$1,112,785 in 1944 and \$1,146,606 in 1945.

The total net savings from all operations amounted to \$201,980 in 1944 and \$229,690 in 1945. The distribution of these savings was as follows:

	<u>1944</u>	<u>1945</u>
Cash dividends on stock.....	\$13,614	\$15,307
Cash patronage refunds.....	57,604	71,217
Patronage refunds in capital stock.....	48,232	57,258
Patronage refunds allocated.....	63,358	66,659
Retained in reserves.....	<u>19,172</u>	<u>19,249</u>
Total net savings.....	<u><u>\$201,980</u></u>	<u><u>\$229,690</u></u>

The financial condition of the Farmers Union State Exchange, as of December 31 for 1944 and 1945, is shown in the following condensed financial statement:

	<u>1944</u>	<u>1945</u>
Assets:		
Current assets.....	\$388,506	\$313,337
Fixed assets.....	155,793	154,083
Other assets.....	<u>304,603</u>	<u>465,403</u>
Total assets.....	<u><u>\$848,902</u></u>	<u><u>\$932,823</u></u>
Liabilities and net worth:		
Current liabilities.....	\$26,517	\$15,521
Other liabilities.....	185,904	333,476
Net worth (capital and reserves)	<u>636,481</u>	<u>583,826</u>
Total liabilities and net worth.....	<u><u>\$848,902</u></u>	<u><u>\$932,823</u></u>

As of December 31, 1945, 50 percent of the net worth had been accumulated through the sale of stock, while 50 percent represented retained savings.

The facilities owned and operated by the Exchange on December 31, 1945, consisted of a feed-mixing plant, a seed-cleaning plant, a wholesale farm supply warehouse, 8 retail farm supply stores, 4 bulk petroleum plants, an office building, 9 transport trucks, 3 general delivery trucks, and a produce plant. The Exchange also holds a joint interest with other regional cooperatives in a petroleum refinery, a pipe line, and a machinery company.

At the close of 1945, the Exchange had 155 employees, of whom 45 were engaged in wholesale distribution and 110 in retail distribution.

PART II

COMBINED INFORMATION FOR 18 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDED IN 1944 AND IN 1945

In this section the information presented in Part I for the individual associations is combined and analyzed to show the general character and significance of these 18 major regional farm supply purchasing associations.

AGE OF ORGANIZATIONS

The 18 regional farm supply purchasing cooperatives described in Part I were organized in the following years:

<u>Year</u>	<u>Number of associations organized during specified year</u>
1907.....	1
1914.....	1
1917.....	1
1918.....	1
1920.....	1
1923.....	2
1926.....	1
1927.....	2
1929.....	2
1930.....	1
1931.....	1
1933.....	2
1934.....	2

Only 5 of these associations were in existence by 1920. By 1930 there were 13. The remaining 5 were established early in the 1930's. The average age for the 18 associations was 20 years at the end of 1945.

AREA OF SERVICE

The statements in Part I show that the 18 regional associations render service generally throughout the United States except for a large part of the South. While several regional purchasing associations serve the South and the Southwest, with the exception of Southern States Cooperative which serves Virginia as well as several nearby States, only two, the Farmers Cooperative Exchange, Raleigh, North Carolina, and the Consumers Cooperatives Associated, Amarillo, Texas, did a wholesale supply business in 1945 each in excess of 2-1/2 million dollars.¹ It

¹The two next largest regional farm supply purchasing associations in this area are the Mississippi Federated Cooperatives, Jackson, Mississippi, and the Southwest Cooperative Wholesale, Phoenix, Arizona.

should be clearly understood that a number of other regional purchasing associations also operate in the areas served by these 18 large regional purchasing associations.

TYPE OF RETAIL OUTLET

The 18 major regional farm supply purchasing cooperatives distributed supplies through some 7,039 retail outlets in 1944 and 7,544 in 1945, which can be classified as follows:

	<u>1944</u>	<u>1945</u>
Local cooperative "member" associations.....	2,954	3,297
Local cooperative "nonmember" associations.....	627	837
Affiliated cooperative service associations.....	421	495
Private service agencies.....	1,528	1,445
Farmer-representatives.....	1,509	1,470

The local cooperative associations listed above are autonomous organizations. The "member" associations hold membership interests in the regional associations while the "nonmember" associations are simply served by the regional associations. The affiliated cooperative service associations are associations or branch outlets which are under the direct management of regional associations. Private service agencies are private concerns which render distribution service for the regional cooperative associations under agreed-upon plans. Similarly, the farmer-representatives are farmers who serve as distribution agents for the regional associations. The individual reports in Part I give more complete information on the character of local service outlets.

NUMBER OF PATRONS SERVED

The 18 regional associations estimated that their various local outlets at the end of their 1945 fiscal year were together serving 2,110,000 farmer patrons and 124,000 nonfarmer patrons, or a total of 2,234,000 patrons.¹ Thus, 94.4 percent of the patrons were farmers, while 5.6 percent were nonfarmers. On the basis of the information furnished by the regional associations, it is estimated that farmer patrons purchased over 95 percent of the supplies distributed through the local outlets of the 18 regional associations.

NUMBER AND TYPE OF EMPLOYEES

According to data in Part I, the 18 regional associations, at the end of the 1945 fiscal year, employed a total of 13,584 persons. Of these, 14 percent were engaged in general administration and 65 percent were engaged in manufacturing, processing, and wholesale distribution. The remaining 21 percent were employed in retail supply distribution or in agricultural marketing work.

¹On the basis of other studies made by the Cooperative Research and Service Division, it is believed that this total considerably overstates the number of actual patrons.

Table 1. - Volume of sales of farm supplies and of farm products marketed by 18 major cooperative purchasing associations for fiscal years ended, 1944 and 1945.

ASSOCIATION	YEAR ENDING	WHOLESALE SUPPLY SALES		RETAIL SALES		FARM PRODUCTS MARKETED		TOTAL 1945
		1944	1945	1944	1945	1944	1945	
Coop. Grange League Federation Exchange, Inc.	June 30	\$99,903,957	\$93,472,854	\$68,603,664	\$65,444,980	\$14,819,899	\$14,628,613	\$173,546,447
Southern States Coop., Inc.	June 30	41,214,627	40,557,608	a14,063,811	14,253,560	2,572,349	2,445,937	a57,850,787
Eastern States Farmers' Exchange ^b	Dec. 31	53,351,312	53,695,846	-	-	-	-	53,695,846
(Ohio) Farm Bureau Coop. Assn. Inc.	Dec. 31	15,850,658	17,832,480	-	-	5,894,052	8,204,167	26,036,647
Consumers Coop. Assn. Inc.	Aug. 31	15,550,606	21,934,552	305,591	326,406	-	-	15,856,197
Illinois Farm Supply Co. Inc.	Aug. 31	16,632,391	19,337,007	-	-	-	-	16,632,391
Fruit Growers Supply Co. Inc.	Dec. 31	16,942,393	17,723,853	-	-	-	-	16,942,393
Indiana Farm Bureau Coop. Assn., Inc.	Dec. 31	15,728,824	17,209,662	-	-	-	-	17,723,853
Farmers Union Central Exchange, Inc.	Dec. 31	12,300,350	14,064,094	-	-	-	-	17,209,662
Farmers Coop. Exchange, Inc.	June 30	6,804,854	6,260,818	5,843,198	5,293,986	1,749,512	1,130,127	6,14,397,564
Midland Coop. Wholesale Co. Inc.	Dec. 31	10,176,463	11,476,146	-	-	-	-	10,176,463
The M. F. A. Milling Co. Inc.	June 30	11,407,821	10,030,606	-	-	-	-	11,407,821
Farm Bureau Services, Inc.	Aug. 31	6,208,711	6,863,156	a1,937,768	1,730,492	681,684	636,242	8,828,163
Pennsylvania Farm Bureau Co-operative Assn. Inc.	Dec. 31	8,318,452	9,124,100	-	-	-	-	8,318,452
Pacific Supply Coop. Inc.	Dec. 31	7,090,583	7,903,075	-	-	-	-	7,903,075
Central Coop. Wholesale Co. Inc.	Dec. 31	6,132,744	6,692,997	-	-	-	-	6,132,744
Consumers Coop. Associated Farmers Union State Exch. Inc.	Dec. 31	2,594,227	5,277,919	-	-	-	-	2,594,227
	Dec. 31	2,552,453	2,869,878	1,112,785	1,146,606	-	-	3,665,238
Total.....		\$348,759,428	\$362,328,655	\$91,866,817	\$88,198,030	\$25,717,496	\$27,045,086	\$466,343,739
								\$477,567,767

^aRevised by association.

^bIncludes volume of Eastern States Farmers' Exchange reported as direct sales to individual purchasers. The exchange performs all distribution functions prior to final sale to patrons.

^cChange in audit date.

Table 2. - Wholesale supply sales of 18 major cooperative purchasing associations by types of supplies for fiscal year ended 1945.

ASSOCIATION	FEED	SEED	FERTILIZER, INSECTI- CIDES	PETROLEUM PRODUCTS AND AUTO ACCESSORIES	FARM MACHINERY AND EQUIPMENT, LUMBER, PAINT, PACKAGING MATERIAL, ELECTRICAL EQUIPMENT, STEEL PRODUCTS	COAL AND TWINE	GROCERIES	MISCEL- LANEOUS	TOTAL
Coop. Grange League Federation Exchange, Inc.	\$89,980,252	\$3,708,180	\$7,421,749	\$6,938,793	\$4,736,079	\$235,453	\$39,107	\$433,241	\$93,472,854
Eastern States Farmers' Exchange ^b	47,812,255	2,331,129	2,882,704	-	689,758	-	-	-	53,695,846
Southern States Coop., Inc.	24,957,607	2,864,348	6,795,594	1,628,668	-	-	4,311,391	40,557,608	
Consumers Coop. Assn.	1,575,253	-	14,708	17,822,582	863,832	127,396	107,153	21,934,552	
Illinois Farm Supply Co.	3,811,902	-	804,961	11,466,126	914,349	30,634	2,309,035	19,337,007	
(Ohio) Farm Bureau Coop. Assn., Inc.	7,278,285	1,063,034	2,777,656	3,511,213	1,987,904	350,610	-	863,778	17,832,480
Fruit Growers Supply Co.	-	-	3,493,708	56,749	13,915,675	-	-	257,721	17,723,853
Indiana Farm Bureau Coop. Assn., Inc.	2,950,573	661,381	2,485,694	5,123,152	4,350,409	1,029,410	-	609,043	17,209,662
Farmers Union Central Exchange, Inc.	c 1,096,977	-	21,550	10,918,014	1,548,889	170,284	159,103	149,277	14,064,094
Midland Coop. Wholesale. The M. F. A. Milling Co.	1,200,550	375,469	369,667	7,142,105	1,431,447	70,918	877,494	8,496	11,476,146
Pennsylvania Farm Bureau Co-operative Association	9,507,450	340,751	-	-	158,876	23,529	-	-	10,030,606
Pacific Supply Coop.	4,207,886	809,494	1,040,487	2,165,394	538,300	57,934	-	304,605	9,124,100
Farm Bureau Services, Inc.	2,042,638	743,033	585,180	3,465,302	778,499	84,375	-	204,048	d 7,903,075
Central Co-operative Wholesale. Farmers Coop. Exchange, Inc.	2,278,188	691,421	1,134,029	966,841	1,627,774	164,903	-	-	6,863,156
Consumers Coop. Associated. Farmers Union State Exchange....	2,292,814	64,197	10,499	739,578	998,510	122,579	2,091,223	373,597	6,692,997
Total.....	\$185,355,738	\$14,993,647	\$20,692,990	\$78,438,782	\$35,274,413	\$2,561,005	\$4,733,374	\$10,278,702	\$362,328,651

^aIncludes \$183,904 intercompany sales.

^bSales of Eastern States Farmers' Exchange were reported as purchases by individual patrons. The Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

^cIncludes some seed, flour, and fertilizer.

^dIncludes a small volume of retail sales.

^eIncludes some farm supplies.

Table 3. - Wholesale supply sales by 18 major cooperative purchasing associations by percent of business accounted for by types of supplies for fiscal year ended 1945.

ASSOCIATION	FEED	SEED	FERTILIZER, INSECTI- CIDES	PETROLEUM PRODUCTS AND AUTO ACCESSORIES	FARM MACHINERY AND EQUIPMENT, LUMBER, PAINT, PACKAGING MATERIAL, ELECTRICAL EQUIPMENT, STEEL PRODUCTS	COAL AND TWINE	GROCERIES	MISCELLANEOUS	TOTAL
Coop. Grange League Federation Exchange, Inc..	74.8	4.0	7.9	7.4	5.1	.2	.1	.5	a 100.0
Eastern States Farmers' Exchange ^b	89.1	4.3	5.4	-	1.2	-	-	-	100.0
Southern States Cooperative, Inc.....	61.5	7.1	16.8	4.0	-	-	-	10.6	100.0
Consumers Cooperative Association.....	7.2	-	.1	81.2	3.9	.6	6.5	.5	100.0
Illinois Farm Supply Company.....	19.7	-	4.2	59.3	4.7	.2	-	11.9	100.0
(Ohio) Farm Bureau Cooperative Assn., Inc.....	40.8	6.0	15.6	19.7	11.1	2.0	-	4.8	100.0
Fruit Growers Supply Company.....	-	-	19.7	.3	78.5	-	-	1.5	100.0
Indiana Farm Bureau Coop. Assn., Inc.....	17.2	3.8	14.4	29.8	25.3	6.0	-	3.5	100.0
Farmers Union Central Exchange, Inc.	c 7.8	-	.2	77.6	11.0	1.2	1.1	1.1	100.0
Midland Cooperative Wholesale.....	10.5	3.3	3.2	62.2	12.5	.6	7.6	.1	100.0
The M.F.A. Milling Company.....	94.8	3.4	-	-	1.6	.2	-	-	100.0
Pennsylvania Farm Bureau Co-operative Assn....	46.1	8.9	11.4	23.8	5.9	.6	-	3.3	100.0
Pacific Supply Cooperative.....	25.8	9.4	7.4	43.8	9.9	1.1	-	2.6	d 100.0
Farm Bureau Services, Inc.....	33.2	10.1	16.5	14.1	23.7	2.4	-	-	100.0
Central Cooperative Wholesale.....	34.3	1.0	.2	11.0	14.9	1.8	31.2	5.6	100.0
Farmers Cooperative Exchange, Inc.....	63.2	e 21.2	13.6	-	2.0	-	-	-	100.0
Consumers Cooperatives Associated.....	6.1	-	-	88.4	5.4	-	-	.1	100.0
Farmers Union State Exchange.....	3.7	.5	-	63.7	12.0	3.2	5.0	11.9	100.0
Total.....	51.2	4.1	8.5	21.7	9.7	.7	1.3	2.8	100.0

^aIncludes a small amount of intercompany sales.

^bSales of Eastern States Farmers' Exchange were reported as purchases by individual patrons. The Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

^cIncludes some seed, flour, and fertilizer.

^dIncludes a small volume of retail sales.

^eIncludes some farm supplies.

VOLUME OF BUSINESS

Combined business of the 18 regional associations, which is the value of supplies sold at wholesale and retail plus the value of farm products marketed, amounted to \$477,567,767 for the fiscal year ended in 1945, while the comparable volume for the similar period ending in 1944 was \$466,343,739. The outstanding position in sales volume of the Cooperative Grange League Federation Exchange, Inc., is shown in table 1. Twelve of the 18 associations each had volume of more than 10 million dollars. The combined purchasing and marketing sales of these 12 associations for their 1945 fiscal years amounted to \$453,323,302.

Table 4. - Combined wholesale supply sales of 18 major cooperative purchasing associations for fiscal years ended 1944 and 1945.

Commodity	1944	1945	Percentage increase or decrease
Feed.....	\$191,212,710	\$185,355,738	-3.1
Gas, oil, and grease.....	60,876,004	73,574,357	+20.8
Fertilizer.....	23,976,170	26,527,323	+10.6
Package material, drums, containers.....	14,552,519	15,299,002	+5.1
Seed.....	14,420,902	14,993,647	+4.0
Farm machinery and equipment...	5,194,988	7,687,489	+48.0
Lumber, paint, and maintenance material.....	5,520,270	5,271,295	-4.5
Steel products.....	4,924,303	4,908,725	-0.3
Tires, tubes, and auto accessories.....	3,787,664	4,862,425	+28.4
Groceries.....	4,621,246	4,733,374	+2.4
Insecticides.....	3,824,374	4,165,667	+8.9
Electrical equipment.....	1,837,444	2,107,902	+14.7
Coal.....	1,559,892	1,708,350	+9.5
Twine.....	643,529	852,655	+32.5
Miscellaneous ^a	11,807,411	10,278,702	-13.0
Total wholesale supply sales.....	^b \$348,759,426	^c \$362,326,651	+3.9

^aIncludes a small amount of a few of the itemized commodities that had not been shown separately by some of the associations.

^bIncludes \$209,804 intercompany sales.

^cIncludes \$163,904 intercompany sales.

TYPES OF SUPPLIES HANDLED

The relative significance of the various supplies distributed at wholesale¹ by the 18 regional associations for their fiscal years ending in 1944 is shown in tables 2 and 3. Feed predominated in the volume of 9 of the associations while petroleum products and related supplies

¹The volume of the Eastern States Farmers' Exchange is broken down on the basis of purchases by individual patrons since the Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

predominated in the volume of 8 of the associations (table 3). Packaging material represented the bulk of the volume of the Fruit Growers Supply Company which renders a cooperative purchasing service for the citrus growers of Southern California. For the 18 associations combined, feed represented 51.2 percent of the wholesale sales volume, petroleum products and auto accessories 21.7 percent, and fertilizer and insecticides 8.5 percent.

Table 4 shows the relative significance of the combined total of the various supplies distributed at wholesale by the 18 regional associations for their fiscal years ended in 1944 and in 1945. Total distribution of all supplies in 1945 showed only 3.9 percent increase over that in 1944. It is of interest that feed volume decreased by \$5,856,972, or 3.1 percent. Gas, oil, and grease increased \$12,698,353, or 20.8 percent; farm machinery and equipment increased \$2,492,501, or 48 percent; tires, tubes, and auto accessories increased \$1,074,761, or 28.4 percent; and twine increased \$209,126, or 32.5 percent. Less substantial gains are shown by fertilizer, of \$547,458, or 10.6 percent, and by electrical equipment, of \$547,458, or 14.7 percent. On the other hand, lumber, paint, and maintenance material decreased 4.5 percent, whereas steel products decreased 0.3 of one percent.

DISTRIBUTION OF SAVINGS

The amount and distribution of combined savings for the 18 associations for their fiscal years ended in 1944 and 1945 are shown in table 5. Total savings decreased from \$23,433,440 in 1944 to \$17,791,757 in 1945, or 24.1 percent. Savings returned to patrons in cash patronage refunds decreased 24.2 percent, while the amount of savings returned as patronage refunds in the form of capital stock, certificates of equity, or other equity holdings decreased 20.8 percent. Cash dividends applied on stock increased 42.1 percent, whereas the amount of savings retained in reserves decreased 40.4 percent. As a group, these regional associations decreased their reserves over the preceding year 24.1 percent.

Table 5. - Distribution of combined net savings of 18 major cooperative purchasing associations for fiscal years, 1944 and 1945.

Item	^a 1944	1945	Percentage increase or decrease
Cash patronage refunds.....	\$9,913,282	\$7,510,744	-24.2
Deferred patronage refunds ^b	7,132,810	5,647,993	-20.8
Cash dividends on stock.....	1,001,188	1,422,417	+42.1
Retained in reserves.....	5,386,160	3,210,603	-40.4
Total.....	\$23,433,440	\$17,791,757	-24.1

^aRevised figure.

^bEvidenced by capital stock, certificates of equity, or other equity holdings.

FINANCIAL CONDITION

The financial condition of the 18 associations as a group at the close of their fiscal years in 1944 and 1945 are given in table 6.

Table 6. - Consolidated financial statements for 18 major cooperative purchasing associations, at the close of their fiscal years, 1944 and 1945.

Item	a 1944		1945	
	Amount	Percent- age of total	Amount	Percent- age of total
Assets:				
Current assets.....	\$66,305,472	66.2	\$71,397,874	58.0
Fixed assets.....	23,633,069	23.6	37,273,391	30.3
Other assets.....	10,233,071	10.2	14,331,904	11.7
Total assets.....	\$100,171,612	100.0	\$123,003,169	100.0
Liabilities and members' equities:				
Current liabilities.....	\$22,453,953	22.4	\$31,579,525	25.7
Other liabilities.....	12,909,800	12.9	15,314,692	12.4
Members' equities (capital and reserves).....	64,807,859	64.7	76,108,952	61.9
Total liabilities and members' equities.....	\$100,171,612	100.0	\$123,003,169	100.0

^aRevised.

It is of interest that the combined total assets increased from \$100,171,612 in 1944 to \$123,003,169 in 1945, or 22.8 percent, while the members' equities increased from \$64,807,859 to \$76,108,952, or 17.4 percent. At the end of their 1945 fiscal years the 18 associations had members' equities equal to 61.9 percent of their total assets as compared with 64.7 percent for the preceding period.

The 18 associations combined had \$2.26 in current assets for each \$1 in current liabilities at the end of their 1945 fiscal years as compared with a current ratio of \$2.95 to \$1 for the preceding year.

The ratios of members' equity to total assets and the ratio of current assets to current liabilities show that these associations as a group maintained approximately the same financial position during their fiscal years ended in 1945, as in 1944.

APPENDIX A

VALUE OF SUPPLIES DISTRIBUTED BY THREE MAJOR REGIONAL MARKETING-PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1944 AND 1945

The three regional marketing-purchasing associations which distribute the largest amounts of farm supplies are the Washington Cooperative Farmers Association,¹ the Poultry Producers of Central California, and the Utah Poultry Producers Cooperative Association. All of these associations are centralized organizations with distribution being direct to farmers through local branches maintained by each association. Sales are thus expressed in terms of amounts paid by farmers for supplies.

The value of feed and other farm supplies distributed to its members by the Washington Cooperative Farmers Association of Seattle, Washington, was as follows for the years ending December 31, 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$13,530,132	\$13,764,630
Seeds.....	197,869	199,533
Fertilizer.....	153,222	191,739
Petroleum.....	1,131,333	1,326,901
Other farm supplies, such as paints, automotive supplies, steel products, roofing, etc.....	392,091	477,394
Total.....	<u>\$15,404,647</u>	<u>\$15,960,197</u>

Net savings to members on supply operations amounted to \$752,554 in 1944 and \$1,173,605 in 1945, after paying \$119,847 in 1944 and \$145,080 in 1945 in 6 percent dividends on capital stock and 4 percent interest on Finance Fund Certificates for financing supply operations.

The Poultry Producers of Central California with headquarters in San Francisco had farm supply sales as follows for the fiscal years ending December 31, 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$17,697,244	\$18,796,923
Supplies.....	248,455	427,229
Gasoline.....	290,014	326,108
Total.....	<u>\$18,235,713</u>	<u>\$19,550,260</u>

¹In February 1945, the Washington Cooperative Egg & Poultry Association adopted the name Washington Cooperative Farmers Association.

The value of farm supplies distributed by the Utah Poultry Producers Cooperative Association, Salt Lake City, Utah, was as follows for the years ending December 31, 1944 and 1945:

<u>Commodities</u>	<u>1944</u>	<u>1945</u>
Feed.....	\$4,958,919	\$5,550,607
Supplies.....	136,000	194,886
Total.....	<u>\$5,094,919</u>	<u>\$5,745,493</u>

Feed was the principal supply distributed by these three associations. In 1945, it represented 92.4 percent of all supplies. Altogether the total amount of supplies distributed by the three associations increased from \$38,735,279 in 1944 to \$41,255,950 in 1945, or 6.5 percent. The combined feed volume increased 5.3 percent, whereas the volume of other supplies increased 23.3 percent.

